

CENTER FOR CIVIL JUSTICE

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Fighting poverty through advocacy, education, and empowerment.

Overview

A. Stricter Sanctions, Including Permanent Disqualification from FIP, Put Children at Risk and Do Not Necessarily Improve Work Rates or Move Families from Welfare to Work

1. There is no evidence that more drastic penalties for noncompliance help improve efforts to move families from welfare to work and self-sufficiency, or provide safer and more stable homes for children.

The existing sanctions have forced thousands of families off FIP, but there is no evidence they have improved family self-sufficiency or work engagement.

2. Research shows sanctioned families are more likely to have significant barriers to employment, preventing them from meeting basic needs during the sanction period.

B. Proposed Changes to the Law on Time Limits Hurt Working Families that have Played the Rules and Are Struggling to Make Ends Meet, and Will Make it More Difficult for Michigan to Meet Federal Work Participation Rate Targets

1. The proposed time limit changes hurt working families, including
 - Families who have seasonal jobs with regular periods of unemployment
 - Larger families
 - Families living in areas with only low-wage jobs for unskilled workers
2. The proposed time limit changes hurt families that are working hard to play by the rules.
3. Time limits hurt Michigan's ability to meet federal work participation rate targets
4. Time limits hurt families that are most at risk

C. Proposed Changes to the Law on Time Limits Hurt Families that Include a Parent or Child with Disabilities

D. Michigan families deserve timely due process to resolve disputes about whether months will be counted toward the 48 month limit

E. Assigning parents of very young infants to JET is expensive and will not improve Michigan's work participation rate

F. Refusing FIP to Families with 19 Year Olds Who Will Graduate Before They Turn 20 Will Adversely Impact Youth Who Have Disabilities or Serious Health Problems, and Will Increase Drop-out Rates

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Testimony to the House Committee on Family and Children Services

HB 4409 & 4410

March 15, 2011

Chairman Kurtz and members of the committee, my name is Jackie Doig and I am a senior staff attorney with the Center for Civil Justice (CCJ), a non-profit law firm representing low income clients in a 14-county region of mid-Michigan and the Thumb, including the urban areas of Saginaw and Flint, as well as surrounding rural areas.

In addition to our direct legal representation of low income individuals and families, CCJ meets regularly and works closely with private, non-profit human services providers throughout our service area, including faith-based organizations and the myriad of other agencies that work to assist parents who are trying hard to maximize their potential for self-sufficiency. These agencies also work to fill the gaps when low income families lack the resources to make ends meet.

Summary

The Center for Civil Justice strongly supports efforts to improve the self-sufficiency, economic security, and well-being of low-income children and families. However, we oppose the punitive approach of these bills, which will create greater hardships for low-income children and families, instead of taking positive steps to remove barriers to self-sufficiency during this period of extraordinarily high unemployment.

We are particularly concerned about the impact these bills will have on families – including working families -- that include a parent or child with disabilities or medical problems, who are more likely to accumulate months on FIP because of their reduced earning capacity. We also are concerned that families experiencing persistent domestic violence are more likely to be adversely impacted by the harsher sanctions and time limit changes included in these bills.

In addition, we are concerned that this approach will have a negative fiscal impact on the state budget, because of the increased demand for emergency services and child welfare services when needy families lose financial supports. Furthermore, it is not at all clear that the proposed changes will help – rather than hurt – Michigan's ability to meet its federal TANF Work Participation Rate goal, which could result in greater fiscal sanctions from the federal government.

A. Stricter Sanctions, Including Permanent Disqualification from FIP, Put Children at Risk and Do Not Necessarily Improve Work Rates or Move Families from Welfare to Work

HB 4309 would increase sanctions for a second noncompliance with a Family SSP (including but not limited to JET requirements) from 3 to 6 months, and would increase sanctions for third noncompliance with the FSSP (including JET requirements) from 12 months to permanent ineligibility. MCLA 400.57g(1)(b) and (c). (p. 15 of the bill)

1. There is no evidence that more drastic penalties for noncompliance help improve efforts to move families from welfare to work and self-sufficiency, or provide safer and more stable homes for children.

The full family sanctions imposed by the Michigan legislature in 2001 did not improve Michigan's performance in meeting work participation rates, but did expose many more families to serious hardship.¹ A longitudinal study done by the University of Michigan from 1997 through 2003 found an increasing number of low income families that previously received FIP cash assistance had neither a current FIP grant nor a household member who was working, revealing that harsher sanctions and the high unemployment rate put more children at greater risk.

In 2007, the legislature imposed longer mandatory full-family sanctions,² and time limits for acting on noncompliance with JET requirements, which more than doubled the number of families sanctioned.

The existing sanctions have forced thousands of families off FIP, but there is no evidence they have improved family self-sufficiency or work engagement.

Beginning in 2007, the number and proportion of recipients who participated in JET assignments after orientation increased slightly. However, the number and proportion of JET participants who found and retained employment remained very low and continued to decline as unemployment rates rose. (See Figure 1 and Figure 2 below)³

¹ Actual Work Participation rates for all families declined after full family sanctions began in 2001. Rates by year are:

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
41.1	49.2	43.8	36.4	33.8	28.9	25.3	24.5	22	21.6

² The 2007 changes disqualified families for a minimum of 3 months for a first or second sanction, and 12 months for a third or greater sanction.

³ Michigan's work participation rate increased following the 2007 legislative changes, but it is not clear to what extent the change was the result of sanctions and to what extent it was the result of policies that removed certain families (including all 2-parent households and certain families exempted from JET) from the TANF caseload used as the denominator for measuring the work participation rate.

Figure 1 – As Unemployment Rates Rise, Fewer FIP Cases Close Due to Earnings and More Families Are Sanctioned Due to 2007 Changes

Sources: U.S. Dept of Labor Bureau of Labor Statistics, DHS Trend Reports, DHS Green Book

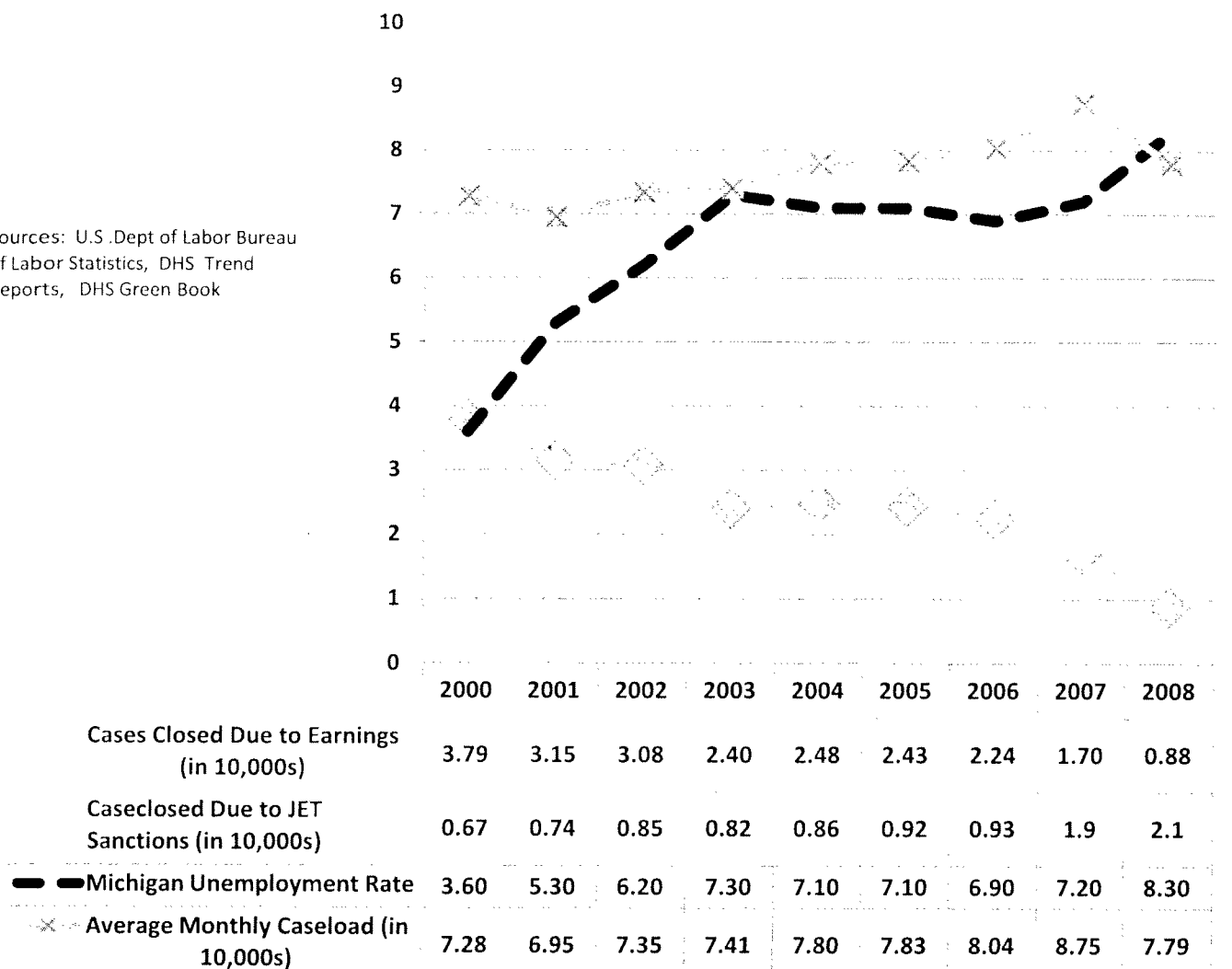
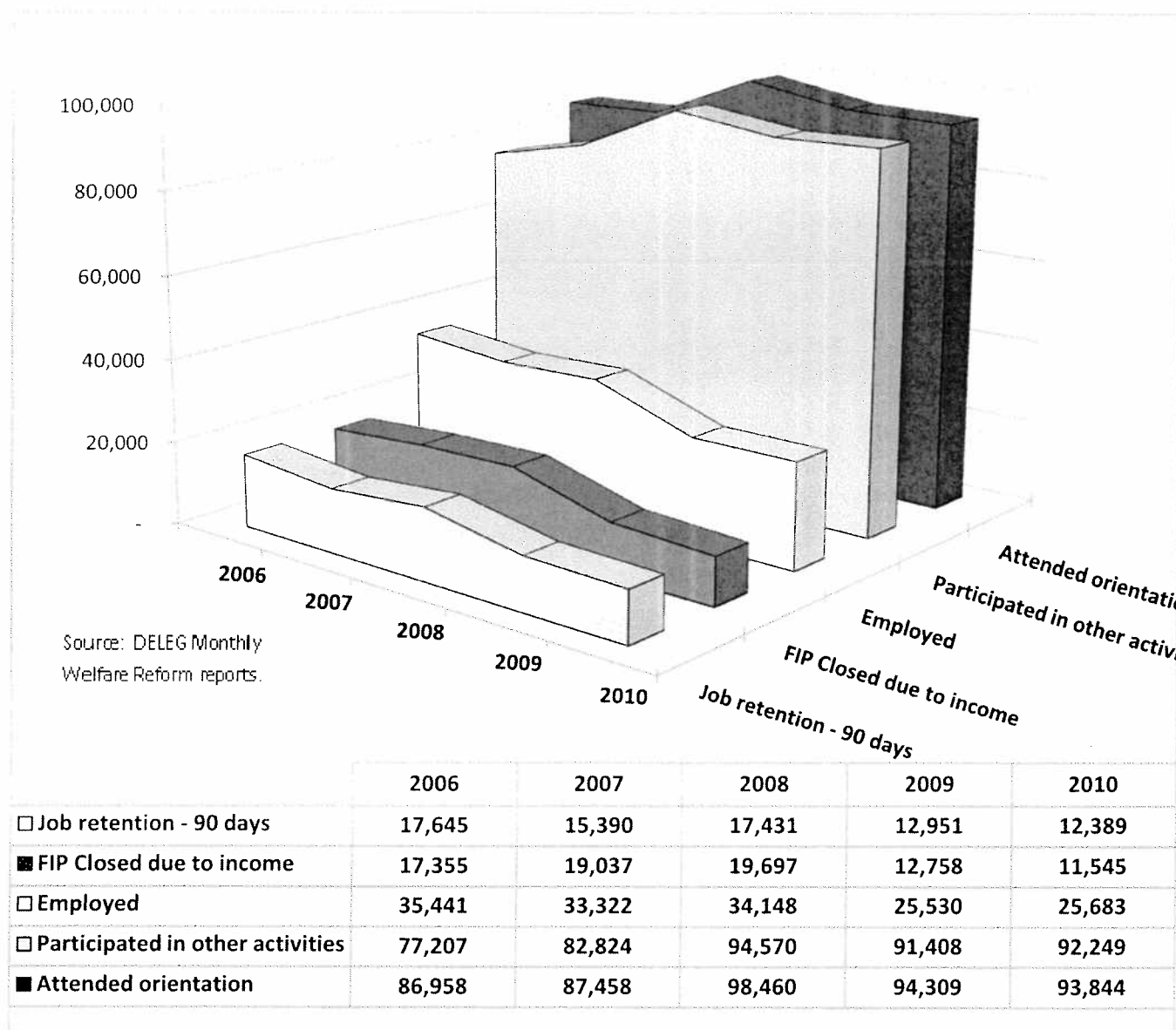


Figure 2 – Parents Assigned to JET participate in assigned activity but do not find and keep jobs.



2. Research shows sanctioned families are more likely to have significant barriers to employment, preventing them from meeting basic needs during the sanction period.

A study of Michigan families sanctioned for noncompliance with work-related requirements found statistically significant variations between families who were sanctioned and those who were not, including:

- Families headed by a parent with less than high school education were twice as likely to be sanctioned than those with a high school diploma or GED.
- Families that lack transportation (no driver's license or no vehicle) are more likely to be sanctioned
- Families that experience domestic violence are more likely to be sanctioned.⁴

Studies in California, Utah, and Minnesota also found that sanctioned families are much more likely to have barriers to employment – and more likely to have multiple barriers – than recipients who are not sanctioned.⁵

Studies of families sanctioned off welfare find they are much less likely to be employed than families who leave for other reasons, and earnings among sanctioned families are much lower than earnings for those who left cash assistance rolls for other reasons.⁶

In addition, sanctioned families suffer a variety of hardships. Michigan families that were sanctioned were two and half times more likely to experience utility shutoffs than other families. Studies in other cities found sanctioned families were more likely to live in bad neighborhoods with poor housing conditions and to not have telephone service. Sanctioned families were more likely to report health problems and welfare sanctions are associated with increased hospitalizations among children.⁷

Many recent studies have noted the adverse impact of extreme poverty – which results when sanctioned families cannot find work -- on children's behavior and health.⁸

⁴ "Sanctions and Material Hardship Under TANF" Ariel Kalil, Kristin Seefeldt, Hui-che Wang, *The Social Service Review*, December 2002.

⁵ "The Logic of Sanctioning Welfare Recipients: An Empirical Assessment" Yehekel Hasenfeld, Toorjo Ghose, Kandyce Larson, *The Social Service Review* June 2004. Michelle K Derr *The Impact of Grant Sanctioning on Utah's TANF Families*, University of Utah, 1998. Minnesota Department of Human Services, Internal Memorandum, 1996.

⁶ Meyers, Marcia, Shannon Harper, Marieka Klawitter, and Taryn Lindhorst (2006). Review of Research on TANF Sanctions: Report to Washington State WorkFirst SubCabinet.

⁷ "Sanctions and Material Hardship Under TANF" Ariel Kalil, Kristin Seefeldt, Hui-che Wang, *The Social Service Review*, December 2002. Cherlin, Andrew et al, "A Three City Study: Sanctions and Case Closings for Noncompliance: Who Is Affected and Why"(Johns Hopkins University Policy Brief 01-01) "The Impact of Welfare Sanctions on the Health of Infants and Toddlers: A Report from the Children's Sentinel Nutrition Assessment," July 2002.

http://www.childrenshealthwatch.org/upload/resource/welfare_7_02.pdf

⁸ Woolf S, Johnson R, Geiger, H. The Rising Prevalence of Severe Poverty in America: A Growing Threat to Public Health. *Am J Prev Med* 2006; 31 (4): 332-341. <http://www.ajpm-online.net>

B. Proposed Changes to the Law on Time Limits Hurt Working Families that have Played the Rules and Are Struggling to Make Ends Meet, and Will Make it More Difficult for Michigan to Meet Federal Work Participation Rate Targets

HB 4309 would count months previously excluded when applying the 48-month time limit on receipt of FIP. Specifically, the bill eliminates the exclusion for months in which

- *the unemployment rate in the county is 25% or more above the average state unemployment rate, or*
- *compliance with FIP requirements are waived because of domestic violence, or*
- *the person is employed and complying with his or her Family Self Sufficiency Plan.*

HB 4309 would only exclude months in which the person is exempt from JET under the amended exemptions or has a documented claim of actual or threatened domestic violence that reasonably can be expected to interfere with work requirements. MCLA 400.57p(a) and (b). (p. 23-4)

HB 4309 also eliminates any extensions to the 48 month limit. (i.e. for those complying with their FSSP who have not had a sanction in the past year but cannot find work because of labor market conditions or other barriers to work)

The State Budget Office has estimated these changes will affect 12,000 families who would remain eligible for FIP under current law because of either the exclusion of months in which the person is working and meeting FSSP requirements or because of the elimination of the extension provision for parents who cannot find work because of labor market conditions or other barriers.

- 1. The proposed time limits and changes hurt working families, including**
 - **Families who have seasonal jobs** with regular periods of unemployment, but cannot qualify for Unemployment Insurance benefits because of the requirements of that program
 - **Larger families** who receive small grants despite regular, or even full-time, work
 - **Families living in areas with only low-wage jobs for unskilled workers**
 - Families who live in areas or work in jobs that are affected by the changing economy
- 2. The proposed time limit changes hurt families that are working hard to play by the rules.**

For the past several years, Michigan has encouraged working families to stay on FIP, in order to boost the state's overall Work Participation Rate –even creating the Extended FIP program that gives families a \$10 grant and access to full child care subsidies for an extra 6 months. Under HB 4309, however, every month on FIP – even for working families – will count toward the 48 month limit.

Beginning with welfare reform in the 1990s, when FIP was created in 1996, and even now in Family Self-Sufficiency Plans, Michigan has had an explicit pact with parents that if they participate in employment and training programs like Work First and JET, and accept whatever employment they are offered, the safety net of FIP will be available to them. Now families that have cooperated with every requirement presented are having the rug pulled out from under them. Families that work at low wage or part time jobs in the service sector or seasonal employment are least likely to qualify for Unemployment Insurance and most likely to cycle on and off of FIP.

3. Time limits hurt Michigan's ability to meet federal work participation rate targets

- Time limits on working families prevent Michigan from counting them toward Michigan's participation requirements
- Families cut from assistance due to time limits aren't counted toward a work participation credit.

4. Time limits hurt families that are most at risk

- Families that remain on FIP for longer periods have more barriers to employment such as low educational levels, disabilities, mental health problems, etc.
- A study of Michigan families found families that remained on FIP for more than 40 months were much more likely to have
 - a child with a health, emotional, or learning problems than those who received FIP for fewer months. (14% compared to 4-5%)
 - a parent with persistent physical health problems (approximately 20% compared to 10%)
 - experienced persistent domestic violence
 - less than high school education
 - low levels of literacy
 - low work experience⁹

Thus, many of the families that are time limited off of FIP will not be able to make ends meet and will be at risk of child welfare involvement.

C. Proposed Changes to the Law on Time Limits Hurt Families that Include a Parent or Child with Disabilities

HB 4409 would eliminate the exclusion of months from the 48-month time limit for months in which the person is employed and complying with his or her FSSP and the extension for people who are complying but facing barriers to employment. Under the bill, no extensions to the 48 month limit are available. MCLA 400.57p(a) and (b) and 400.57r.

⁹ Seefeldt, Kristen, et al., "Watching the Clock Tick: Factors Associated with TANF Accumulation" (University of Michigan National Poverty Center (rev. ed. 2005).

Many parents and children on FIP have disabilities that are not severe enough to qualify for an exemption from Jobs Education Training (JET) requirements. In addition, many parents with disabilities choose to work even though they might qualify for an exemption, because of the dignity and satisfaction that comes from working.

- **This change would have a serious, negative impact on parents whose hours of work or earnings are reduced because of disabilities that prevent full-time work or work at higher-wage jobs. It also would have a serious, negative impact on families in which a parent's hours of work or earnings are limited because they are needed in the home to care for a child or must take frequent time off from work to attend to medical appointments or other needs of a child with disabilities.**
- **The 48-month time limit will have a disproportionate impact on families that include a person with disabilities.** Parents with disabilities, parents of children with disabilities, and parents with a spouse who has disabilities are more likely to accumulate more months on FIP because of the difficulty of working and of earning their way off of FIP because they are more likely to work part-time, take time off from work to address medical needs, or work at lower wage jobs.

D. Michigan families deserve timely due process to resolve disputes about whether months will be counted toward the 48 month limit

Under current rules and practices, FIP recipients cannot access a due process hearing to resolve disputes with the Department of Human Services unless and until they are threatened with immediate denial or loss of benefits. However, decisions about whether a month is counted or excluded from the 48 month lifetime limit may not result in a termination until many years later,¹⁰ making it difficult if not impossible for the family to locate and present relevant evidence.

We therefore urge you to amend the Social Welfare Act to require notice and an opportunity to be heard when the Department refuses to grant a JET exemption.

E. Assigning parents of very young infants to JET is expensive and will not improve Michigan's work participation rate

HB 4410 would limit the JET exemption for parents of newborns to 2 months instead of 3. Twenty four states exempt parents caring for a child under the age of 12 months and one provides an exemption until the child is 2. Only 7 states apply work requirements to parents of children under 3 months.

Michigan, like other states, excludes parents of children under 12 months from being considered in its work participation rate. Thus, **requiring parents to attend JET when their baby is 2 months old will not increase the state's work participation rate.**

¹⁰ For example, a family that only receives FIP during a 3-month per year period of seasonal unemployment will not reach their 48 month limit for 16 years.

In addition, forcing the parent of an infant to attend JET more doubles the state's expenditures for the family. Paying for 25 hours a week of licensed daycare for an infant costs \$403 a month, which is the monthly FIP grant for a family of 2. Additional expenses will be incurred for the JET program services provided to these parents, and additional childcare costs will be incurred if the parent has other young children.

F. Refusing FIP to Families with 19 Year Olds Who Will Graduate Before They Turn 20 Will Adversely Impact Youth Who Have Disabilities or Serious Health Problems, and Will Increase Drop-out Rates

The proposed amendment to the definition of a "child" in MCLA 57(1)(c)(ii) will have a negative impact on families in which a child has struggled with medical problems or disabilities. Delays in high school completion are particularly likely for youth with learning or cognitive disabilities that affect academic performance, or those who have had health problems that affect attendance (including absences due to hospitalizations or medical appointments far from home, especially for children in rural areas).

The amendment also will discourage older teens from finishing their last year of high school. The change is likely to increase drop-out rates and decrease graduation rates, especially among disadvantaged youth who may have been required to repeat a grade level in elementary, middle, or high school.

Conclusion

Thank you for the opportunity to testify. I will be glad to answer any questions you may have. I can be reached by email at jdoig@ccj-mi.org.